

**State Employee Benefits Committee**  
**Friday, June 21, 2013 at 2:00 p.m.**  
**Tatnall Building, Room 112**  
**Dover, Delaware**

The State Employee Benefits Committee met on June 21, 2013, at the Tatnall Building, Room 112, Dover, Delaware. The following Committee members and guests were present:

Ann Visalli, Director, OMB  
Brenda Lakeman, Director, OMB, SBO  
Faith Rentz, Deputy Director, OMB, SBO  
Casey Oravez, OMB, Financial Operations  
Dawn Guyer, OMB, Financial Operations  
Leighann Hinkle, OMB  
Mary Thuresson, OMB, SBO  
Leslie Ramsey, OMB, SBO  
Stuart Wohl, Segal  
Jenifer Vaughn, Office of the Insurance  
Commissioner  
Mike Jackson, Office of the Controller General  
Valerie Watson, Department of Finance

Crystal Webb, DHSS  
Patricia Davis, Department of Justice  
David Craik, Pension Office  
Kim Vincent, Pension Office  
Karin Faulhaber, PHRST  
Jennifer Ward, Highmark BCBS DE  
Jackie Rhoads, Highmark BCBS DE  
Joe Morocco, HMS  
Hollie Ford, City of Dover  
Cynthia Angermeier, DSEA-R  
Karol Powers-Case, DRSPA  
Karen Valentine, AFSCME

**Introductions/Sign In**

Director Visalli called the meeting to order at 2:05 p.m. Anyone who had public comments was invited to sign-in and any others wishing to comment would be given the opportunity at the end of the meeting. Introductions were given around the room.

**Approval of Minutes**

Director Visalli requested a motion to approve the minutes from the March 25, 2013 SEBC meeting. Ms. Vaughn made the motion and Ms. Webb seconded the motion. Upon unanimous voice vote the minutes were approved.

**Director's Report – Brenda Lakeman**

Open Enrollment ended May 29<sup>th</sup>. Of 35,614 state employees, approximately 9,000 employees logged on to make changes or view their benefits. The Statewide Benefits Office handled over 3,000 calls for e-benefits access, password resets or coordination of benefits questions. The Pension Office had 10,100 calls and 900 walk-ins. Further statistics will be presented in the July SEBC meeting.

Concerning the COBRA/HIPAA Request for Proposal, there were four bids received. Scoring will take place in July. A recommendation will be brought to SEBC in July or August.

At the last SEBC meeting Tim Constantine from Highmark Delaware explained the Highmark and Blue Cross Blue Shield of Delaware affiliation including highlights of important transitions which would occur in April and May. The actual system transition occurred the weekend of May 19, 2013. There have been some glitches which are still being worked through with Highmark for resolution and include the incorrect mailing of some Coordination of Benefit and Pre-Existing Condition letters. There are also some issues with incorrect information on identification cards.

**Group Health Financials – handouts for each**

Ms. Oravez reviewed and discussed the March, April and May 2013 Fund and Equity Reports. The health fund balance for the end of May was reported at \$23.8M. It had been projected to be \$28.5M. Ms. Lakeman added that another prescription drug rebate should be coming in before the end of June.

Mr. Wohl reviewed the FY 13 Quarter 3 Financial Reporting. FY to date the combined grand total for medical premiums is \$334.1M, medical claims and expenses total \$335.4M, and a deficit of \$1.3M. Prescription premiums total was \$111M, incurred prescription claims and expenses total \$106M with a \$5.3M surplus. Over 9 months there was a total of \$1.3M surplus. Highmark total premiums were \$418.1M, total claims and expenses were \$419.7M, and a total deficit of \$1.5M. Aetna total premiums were \$27.2M, total claims and expenses were \$24.4M, and a total surplus of \$2.8M. Cost per contract for the active Highmark PPO averaged \$12,300 per contract from July 1, 2012 through March 31, 2013, while the per contract cost for Non-Medicare Highmark PPO averaged \$15,300 for the same period.

Director Visalli asked if the surplus in drug expenditures was due to trend. Mr. Wohl stated there are reduced costs with the increased use of generic drugs. The Employee Group Waiver Program was just put into effect and it created savings. She also asked how the Aetna enrollment was doing and Ms. Lakeman stated they would know and report that at next month's meeting.

#### **Budget/Legislative Update - handout**

Ms. Lakeman stated that to be in compliance with House Bill 75, which allows same gender marriage in Delaware and is effective July 1, 2013, language needs to be added in the Group Health Insurance Program Eligibility and Enrollment Rules. A motion will be needed to approve:

#### **Revisions to Group Health Eligibility and Enrollment Rules, Chapter 2, June 21, 2013.**

##### Revision to Chapter 2 – Opening Paragraphs

Suggested language to be added as Paragraph 2 to opening of Chapter 2.

##### Suggested language to read:

Effective July 1, 2013, the Civil Marriage Equality and Religious Freedom Act of 2013 repeals the prohibition on same-gender marriage that was enacted in Delaware in 1996. As of July 1, 2013, two individuals, whether of the same or different genders, are allowed to marry if otherwise eligible. After June 30, 2013, no new civil unions will be formed in Delaware. Both parties to a civil union that is not subject to a pending proceeding for dissolution, annulment or legal separation are permitted to convert their civil union to a marriage prior to July 1, 2014 by application for a marriage license to the clerk of the peace of the county in which their civil union license was issued, with or without further solemnization of such marriage. On July 1, 2014, all remaining civil unions not currently subject to a proceeding for dissolution, annulment or legal separation will automatically convert to marriages. In addition, with respect to legal unions other than marriages between two persons of the same gender established in another jurisdiction, both parties to such legal union will be afforded the same rights, benefits and protections, and will be subject to the same responsibilities, obligations and duties, as a marriage for purposes of Delaware law. In order for such recognition to apply, such union must be validly formed in such other jurisdiction, the parties thereto must meet the eligibility requirements to enter into a marriage in the State of Delaware, and such union must afford and impose on the parties thereto substantially the same rights, benefits, protections, responsibilities, obligations and duties of marriage. This Act provides for the equal application of all laws of the State of Delaware relating to marriage, married spouses or their children to same-gender or different-gender married spouses and their children.

Reason: To be in compliance with 147<sup>th</sup> General Assembly's, House Bill 75, "Civil Marriage Equality and Religious Freedom Act of 2013."

Director Visalli stated she would allow for Public Comments before the motion.

Director Visalli informed the Committee about a 2010 issue. A Request for Proposal for Administration of the State's Vision Program resulted in the inadvertent posting of pensioner social security numbers on the internet. A previous consultant took responsibility and provided three years of credit monitoring to those impacted. Director Visalli asked the Committee to consider a motion to extend that coverage for one more year. She stated she would be making a motion to extend that coverage. The cost will be \$13.95 per person or \$196,385. Ms. Lakeman added that there would be notification provided to those pensioners who registered for the initial credit monitoring and this would be handled by Experian. Ms. Watson asked what purpose the extension would serve as there have been no issues reported since the credit monitoring took effect. Director Visalli explained it is an opportunity for the Committee to give the pensioners added peace of mind.

### **Health Care Reform Update**

As a plan sponsor of a self-insured health plans, the State Group Health Insurance Plan must pay the first annual Patient-Centered Outcomes Research Institute (PCORI) fee by July 31, 2013 for the plan year ending in June 30, 2103. The annual fee of \$1.00 per member for this year totaling approximately \$117,000 will be paid using IRS Form 720.

Regulations related to the Employer Shared Responsibility Penalty for the ACA were released in January. Compliance for our plan will be effective as of the start of our plan year on July 1, 2014. As a result of these regulations, OMB has been reviewing the composition of our workforce to ensure compliance with the regulations to offer at least the minimum essential and affordable coverage to full-time employees. As we perform the analysis, we are working with agencies and schools regarding their variable hour employees to determine their status. Any impacts of this analysis related to employee benefits will be discussed with the Committee in the coming months.

### **SEBAC Comment**

None.

### **Public Comment**

Ms. Powers-Case, DRSPA, expressed she is pleased with the prescription plan. Monthly she receives a review of her expenses. She also shared that the DRSPA website is gone. To contact Wayne Emsley or her, people will need to use their personal emails. An apology was given, knowing the Affordable Care Act has created additional work for OMB staff.

### **Motions**

Ms. Lakeman asked for a motion to approve the Revisions to the Group Health Insurance Program Eligibility and Enrollment Rules, Chapter 2, as previously read. Ms. Watson made the motion with Ms. Vaughn seconding the motion. The motion passed with a unanimous voice approval.

Director Visalli asked for a motion for a one year extension of credit monitoring with Experian at a cost of \$196,318, as previously explained. Ms. Watson made the motion with Ms. Webb seconding the motion. The motion passed with a unanimous voice approval.

**Other Business**

None.

Ms. Lakeman reminded everyone that the next SEBC meeting would be on July 22, 2013. Director Visalli requested a motion to adjourn. Mr. Jackson made the motion and Ms. Webb seconded the motion. Upon unanimous voice approval, the meeting ended at 2:30 p.m.

Respectfully submitted,

Mary Thuresson  
Administrative Specialist  
Statewide Benefits Office, OMB